

**Reprint
as at 1 October 2012**



**Securities Act (Stock and Station
Agents) Exemption Notice 2010**

(SR 2010/472)

Securities Act (Stock and Station Agents) Exemption Notice 2010: expired, on
1 October 2012, by clause 3.

Pursuant to the Securities Act 1978, the Securities Commission gives the following notice (to which is appended a statement of reasons of the Securities Commission).

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Note

Changes authorised by section 17C of the Acts and Regulations Publication Act 1989 have been made in this reprint.

A general outline of these changes is set out in the notes at the end of this reprint, together with other explanatory material about this reprint.

This notice is administered by the Financial Markets Authority.

Notice

1 Title

This notice is the Securities Act (Stock and Station Agents) Exemption Notice 2010.

2 Commencement

This notice comes into force on the day after the date of its notification in the *Gazette*.

3 Expiry

This notice expires on the close of 30 September 2012.

4 Interpretation

(1) In this notice, unless the context otherwise requires,—

Act means the Securities Act 1978

designated agent means a person named in the Schedule

Regulations means the Securities Regulations 2009

specified debt security means money owing by a designated agent to any person and deposited to the credit of that person in a trade account under an agreement made between the designated agent and that person.

(2) Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this notice has the same meaning as in the Act or the Regulations.

5 Exemptions

Every designated agent and every person acting on behalf of a designated agent is exempted from the following in respect of any specified debt securities of which the designated agent is the issuer:

- (a) sections 51 and 52 of the Act; and
- (b) section 54 of the Act; and
- (c) clauses 1(3) and (4), 9(3)(f), 12, and 15 of Schedule 2 of the Regulations.

6 Condition of exemption relating to issue of certificates evidencing securities

The exemption in clause 5(b) is subject to the condition that the designated agent sends, without fee, to a holder of a specified debt security a written statement that properly evidences the nature and ownership of the specified debt security—

- (a) within 5 working days of the designated agent receiving a request for the statement from that security holder; and
- (b) at least once every 6 months.

7 Securities Act (Stock and Station Agents) Exemption Notice 2002 revoked

The Securities Act (Stock and Station Agents) Exemption Notice 2002 (SR 2002/293) is revoked on the close of 31 March 2011.

8 Transitional provisions

- (1) If, before 1 July 2010, a designated agent offered specified debt securities in reliance on the Securities Act (Stock and Station Agents) Exemption Notice 2002 under a prospectus that was registered before that date, the designated agent may continue to rely on that notice to offer and allot securities offered under that prospectus (as if that notice continued in force after 31 March 2011).
- (2) If, on or before 31 March 2011, a designated agent offers specified debt securities in reliance on the Securities Act (Stock and Station Agents) Exemption Notice 2002 and the Securities Act (Transition to Securities Regulations 2009) Exemption Notice 2010 under a prospectus that is registered on or before that date, the designated agent may continue to rely on those notices to offer and allot securities offered under that prospectus (as if those notices continued in force after 31 March 2011).
- (3) In this clause, **designated agent** means a person named in the Schedule of the Securities Act (Stock and Station Agents) Exemption Notice 2002.

Schedule
Designated agent

cl 4(1)

PGG Wrightson Finance Limited

Dated at Wellington this 14th day of December 2010.

The Common Seal of the Securities Commission was affixed in the presence of:

[Seal]

J Diplock,
Chairperson.

Statement of reasons

This notice, which comes into force on the day after the date of its notification in the *Gazette* and expires on 30 September 2012, replaces the Securities Act (Stock and Station Agents) Exemption Notice 2002 (the **2002 notice**).

This notice is on substantially the same terms as the 2002 notice. However,—

- the notice relates to the Securities Regulations 2009 (rather than the Securities Regulations 1983); and
- the notice no longer applies to Allied Farmers Limited.

The notice exempts any stock and station agent named in the *Schedule* from the following provisions in respect of certain debt securities:

- sections 51, 52, and 54 of the Securities Act 1978 (which relate to keeping registers of securities, inspection of those registers, and issuing certificates evidencing securities):

- various requirements in Schedule 2 of the Securities Regulations 2009 relating to the content of the registered prospectus (including certain requirements relating to the terms of the offer and the security).

The transitional provisions allow an issuer, in respect of a prospectus registered before the revocation of the 2002 notice, to continue to rely on the 2002 notice during the life of the prospectus.

The Securities Commission considers that it is appropriate to grant the exemptions because—

- the exemptions take account of the nature of the merchandise business conducted by stock and station agents. The transactions involve money owed by stock and station agents to clients being deposited to the credit of clients in a trade account pursuant to an agreement made between the agent and the client. Debt security obligations under the Securities Act 1978 arise automatically as a consequence of the merchandising transaction. The nature of the debt securities issued is the crediting or debiting of funds similar to that dealt with in a registered bank trading account. Whatever money is paid in putting the account into credit is equal to the amount of the debt security in dollar terms:
- the Commission understands that the volume of clients traded with by stock and station agents, and the manner of crediting to stock firm trade accounts on an irregular basis, makes it impractical for the stock and station agents to issue certificates or maintain a register:
- it is also impractical for the agents to determine certain information that would otherwise be disclosed in a registered prospectus (for example, the maximum amount of securities that should be made available for subscription at any one time, and accordingly the price, net tangible asset backing per dollar of securities offered, and issue expenses). This is because the issuing of debt securities is entirely within the hands of the clients:
- the exemption from the requirement to specify all terms of the securities in the registered prospectus is provided because the trade account and deposit account arrangements are essentially contractual in nature and may vary from client to client. Ac-

Accordingly, it is not practicable to provide all details of such a wide range of variables in the registered prospectus:

- this notice continues exemptions provided from the Securities Act 1978 previously provided in the 2002 notice, and provides for existing exemptions from provisions of the Securities Regulations 1983 to be provided in respect of equivalent provisions of the Securities Regulations 2009 (with the effect that any stock and station agent named in the Schedule will be able to continue to rely on those exemptions in respect of offers of securities under the Securities Regulations 2009). While the changes in the Securities Regulations 2009 will reduce costs for issuers and improve information for investors, they do not attempt to tailor disclosure requirements for the vast range of persons to which securities law requirements apply. Accordingly, the new regulations have not addressed the difficulties faced by stock and station agents in complying with these particular regulations, and exemptions from the equivalent provisions continue to be required, and remain appropriate in light of the policy in the 2002 notice:
- the transitional provisions reduce the short-term compliance costs resulting from the regulatory changes for issuers that have previously relied on the 2002 notice.

Issued under the authority of the Acts and Regulations Publication Act 1989.
Date of notification in *Gazette*: 16 December 2010.

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Notes

1 *General*

This is a reprint of the Securities Act (Stock and Station Agents) Exemption Notice 2010. The reprint incorporates all the amendments to the notice as at 1 October 2012, as specified in the list of amendments at the end of these notes.

Relevant provisions of any amending enactments that contain transitional, savings, or application provisions that cannot be compiled in the reprint are also included, after the principal enactment, in chronological order. For more information, *see* <http://www.pco.parliament.govt.nz/reprints/>.

2 *Status of reprints*

Under section 16D of the Acts and Regulations Publication Act 1989, reprints are presumed to correctly state, as at the date of the reprint, the law enacted by the principal enactment and by the amendments to that enactment. This presumption applies even though editorial changes authorised by section 17C of the Acts and Regulations Publication Act 1989 have been made in the reprint.

This presumption may be rebutted by producing the official volumes of statutes or statutory regulations in which the principal enactment and its amendments are contained.

3 *How reprints are prepared*

A number of editorial conventions are followed in the preparation of reprints. For example, the enacting words are not included in Acts, and provisions that are repealed or revoked

are omitted. For a detailed list of the editorial conventions, see <http://www.pco.parliament.govt.nz/editorial-conventions/> or Part 8 of the *Tables of New Zealand Acts and Ordinances and Statutory Regulations and Deemed Regulations in Force*.

4 Changes made under section 17C of the Acts and Regulations Publication Act 1989

Section 17C of the Acts and Regulations Publication Act 1989 authorises the making of editorial changes in a reprint as set out in sections 17D and 17E of that Act so that, to the extent permitted, the format and style of the reprinted enactment is consistent with current legislative drafting practice. Changes that would alter the effect of the legislation are not permitted. A new format of legislation was introduced on 1 January 2000. Changes to legislative drafting style have also been made since 1997, and are ongoing. To the extent permitted by section 17C of the Acts and Regulations Publication Act 1989, all legislation reprinted after 1 January 2000 is in the new format for legislation and reflects current drafting practice at the time of the reprint.

In outline, the editorial changes made in reprints under the authority of section 17C of the Acts and Regulations Publication Act 1989 are set out below, and they have been applied, where relevant, in the preparation of this reprint:

- omission of unnecessary referential words (such as “of this section” and “of this Act”)
- typeface and type size (Times Roman, generally in 11.5 point)
- layout of provisions, including:
 - indentation
 - position of section headings (eg, the number and heading now appear above the section)
- format of definitions (eg, the defined term now appears in bold type, without quotation marks)
- format of dates (eg, a date formerly expressed as “the 1st day of January 1999” is now expressed as “1 January 1999”)

- position of the date of assent (it now appears on the front page of each Act)
- punctuation (eg, colons are not used after definitions)
- Parts numbered with roman numerals are replaced with arabic numerals, and all cross-references are changed accordingly
- case and appearance of letters and words, including:
 - format of headings (eg, headings where each word formerly appeared with an initial capital letter followed by small capital letters are amended so that the heading appears in bold, with only the first word (and any proper nouns) appearing with an initial capital letter)
 - small capital letters in section and subsection references are now capital letters
- schedules are renumbered (eg, Schedule 1 replaces First Schedule), and all cross-references are changed accordingly
- running heads (the information that appears at the top of each page)
- format of two-column schedules of consequential amendments, and schedules of repeals (eg, they are rearranged into alphabetical order, rather than chronological).

**5 *List of amendments incorporated in this reprint
(most recent first)***

Securities Act (Stock and Station Agents) Exemption Notice 2010 (SR 2010/472): clause 3
